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July 23 1957

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ED/EC M-252

July 15, 1957

EXECUTIVE COMMITTEE OF THE
ECONOMIC DEFENSE ADVISORY COMMITTEE

MINUTES

2:00 p.m. Tuesday, July 9, 1957
Room 1213 Malatico

Attendance:

MDAC

Mr. Hale, Chairman
Mr. Kramer, Executive Secretary
Mrs. Huver, Committee Secretary

CIA

Mr. [REDACTED] 25X1A9a

Commerce

Mr. George

Defense

Colonel Green

ICA

Mr. Slaght

State

Mr. Wright
Mr. Knoll

Treasury

Mr. Marks

Agenda:

Note a. Consideration of POLTO 64.

1. WG I Recommendations re List II Quotas.
(Ref. ED/EC D-119/1)
2. NSC/CFEP Assignment to Review Economic Defense Policy.

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Note a. Consideration of POLTO 64.

The State member called attention to POLTO 64 dated July 8, 1957 which, he said, was a request from the USDEL for guidance on a number of points preparatory to discussions that will begin in CHINCOM on July 16. He reviewed the questions listed in the message and tentative replies to some of them, stating that State will be suggesting a proposed reply.

1. WG I Recommendations re List II Quotas.

(Ref. ED/EC D-119/1)

Decisions

It was decided that the WG I recommendations on List II quotas for China be transmitted to the USDEL for tabling at such time as he determines it would be advisable, but not later than July 16. The Del would be authorized to discuss these quotas with the Dels of other countries in Paris and to negotiate with them, both in advance of and during the meeting in CHINCOM, understanding that any concessions from the U. S. position would have to be authorized by Washington before the U. S. positions could be changed. The members also agreed to such other negotiations as the Department of State felt desirable, with the same understanding as cited above.

It was decided that the USDEL would be asked to stand firmly to the understanding that the adjournment for vacation in CHINCOM not be the signal for automatic reversion to 3(d) for those items left unresolved at that time, and an understanding that the treatment of disagreed items would be subject to discussion and perhaps new rules after the vacation period.

Discussion

The Chairman called attention to ED/EC D-119/1 and the attachments thereto, which are in response to the assignment given WG I in ED/EC M-251 to review the PCs' proposals for List II quotas for China and to recommend a U. S. position on this matter.

He also pointed out that the Department of State would like the views of the agencies in setting the negotiating tactics for the forthcoming CHINCOM meeting.

The State member said his agency generally feels that we should propose a series of bilateral approaches to the countries that submitted proposals, with the view to persuading them to reexamine their submissions. Further, that we should propose to the countries bilaterally, and table in CHINCOM prior to July 16, a U. S. counter proposal made in the light of submissions presented by other countries. We would base our counter proposal on the recommendations of WG I.

The Chairman said it seemed as though we might be moving again to a point where we would provoke a considerable amount of dissatisfaction among our allies if

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we presented the WG I recommendations as our idea of what the quotas should be, after having had a chance to review the proposals which were submitted by the other PCs some time ago. Our quotas do not seem to take into consideration what the PCs have requested. He wondered if, instead of tabling our proposal and discussing it bilaterally with the countries beforehand, it might not be advisable to state our views when each item is brought up for discussion in the meeting.

The Commerce member, however, felt strongly that if we held bilaterals with the countries, explaining our feeling, we would have an opportunity to get a much more favorable reaction than would otherwise occur. What we are after, he said, is to try to make the best out of a difficult situation in which we have agreed to participate. Therefore, we should make every possible effort to negotiate the items to the fullest.

The ICA member felt that the Del should be given wide latitude in this matter. He felt that we should let the Del participate in negotiations to keep the quotas as low as possible generally, but to concentrate on the ones we feel are of major importance. We should set limitations only on the major items and let the Del do the best he can in terms of the situation they are up against. He felt we should forward the documents prepared by WG I as the best we could come up with in a short time.

The Defense member said his agency feels that very little could be gained by having bilateral discussions at this time. They would recommend strongly against any item by item discussion in CHINCOM for the simple reason that we are not sure of our position with respect to these specific items. If we begin to discuss them on an item basis we would be committing ourselves to a position in the fall review and he felt this should be avoided if at all possible. He felt that in view of the wide gap between what other countries proposed and the recommendations of WG I, it appears that the only position we can take is for the Del to make a flat statement that their proposals are far apart from ours, call attention to the statement made under General Principles in COCOM Doc. 470, and let it go at that for the moment. Defense feels that the 1958 discussion is much more important than this review, and would prefer to avoid U. S. participation in this list review.

The State member made reference to the chart attached to ED/EC D-119/1. He said that the WG I proposals would not be too unreasonable if we were tabling this on July 1 and pulling the figures out of a hat, but he felt that after reviewing the other countries' proposals we should be presenting more rounded figures. He said he was trying to look at it in terms of whether it would appear to be a half way reasonable proposition and still be sufficiently on the low side. In this connection his agency had the impression that the automotive vehicle and aluminum quotas were not high enough and, also, favored an absolute ceiling with respect to metalworking machinery rather than what is listed on the chart.

The Defense member replied that he could not agree to any change in the proposals listed on the chart. He pointed out in particular that the automotive vehicle listed is a military vehicle.

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After further discussion of this overall problem, it was the consensus of the members that their advice to the Department of State would be as listed in Decisions above.

2. NSC/CFEP Assignment to Review Economic Defense Policy.

Decision

The Executive Committee would meet at 2:00 p.m., July 10, to review paragraphs 9 and 21 of the policy and the EDAC work program.

Discussion

The Chairman announced that the Executive Committee could not proceed on this assignment until the State member was prepared to discuss revisions in paragraphs 9 and 21 of both the economic defense policy and the EDAC work program. The State member replied that he thought he could be prepared by the next afternoon.

The Chairman in noting the delays and short remaining time to the deadline reminded the committee that this stage of the review was not expected to reflect more than individual members views (with resolution of agency positions to take place as necessary in EDAC).

Distribution:

ED List Parts I & II
WG I (Limited)

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